

VERIFIED STATEMENT  
OF  
KAREN CHANG

TELECOMMUNICATIONS DIVISION  
ILLINOIS COMMERCE COMMISSION

DOCKET NO. 01-0203

JANUARY 9, 2003

1   **Q.    Please state your name and business address.**

2

3   A.    My name is Karen Chang and my business address is 527 East Capitol Avenue,  
4         Springfield, Illinois 62701.

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6   **Q.    By whom are you employed and in what capacity?**

7

8   A.    I am employed by the Illinois Commerce Commission (“Commission”) as an  
9         Economic Analyst in the Telecommunications Division.

10

11   **Q.    Please describe your education, background and work experience.**

12   A.    I graduated from the University of Illinois in Springfield with a Bachelors degree in  
13         Accountancy in 1993 and a Masters degree of Business Administration in 2001.  
14         I have been a Certified Public Accountant since 1994 and a Certified Internal  
15         Auditor since 1999. Before joining the Commission in 2000, I worked in the  
16         accounting and auditing fields for private firms and other government agencies.  
17         My primary expertise lies in financial reporting, financial statement auditing, and  
18         regulatory compliance auditing.

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20   **Q.    What is the purpose of your testimony in this proceeding?**

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22   A.    My testimony addresses the requirements of Sections 13-403, 13-404 and 13-  
23         405 of the Public Utilities Act (“PUA”), which must be considered by the

Commission prior to issuing its Order in this docket, the requested waiver of 83 Illinois Administrative Code Part 710, Uniform System of Accounts for Telecommunications Carriers; Part 735, Procedures Governing the Establishment of Credit, Billing, Deposits, Termination of Service and Issuance of Telephone Directories of Local Exchange Telecommunications Carriers in the State of Illinois; Part 735.180 Directories and the requested permission to keep books and records outside the State of Illinois pursuant to Part 250.

**Q. What are the petitioners seeking in this docket?**

A. The petitioners, Williams Local Network, LLC ("WLN") and Williams Communications, LLC ("WCLLC"), are seeking authority to operate in Illinois as Facilities-Based Interexchange, Resale of Local and/or Interexchange, and Facilities-Based Local (WLN only) carriers.

**Q. Please summarize Staff's position with regard to this petition.**

A. It is Staff's position that WLN and WCLLC meet the requirements of Sections 13-403, 13-404 and 13-405 of the PUA for interexchange and local exchange authority.

**Q. What are the requirements of Sections 13-403, 13-404 and 13-405 of the PUA for interexchange and local exchange authority?**

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48 A. The relevant portions of Sections 13-403, 13-404 and 13-405 of the PUA are as  
49 follows:

50 Sec. 13-403. Interexchange service authority; approval. The Commission  
51 shall approve an application for a Certificate of Interexchange  
52 Service Authority only upon a showing by the applicant, and a  
53 finding by the Commission, after notice and hearing, that the  
54 applicant possesses sufficient technical, financial and managerial  
55 resources and abilities to provide interexchange  
56 telecommunications service.

57

58 Sec. 13-404. Any telecommunications carrier offering or providing the  
59 resale of either local exchange or interexchange telecommunications  
60 service must first obtain a Certificate of Service Authority. The  
61 Commission shall approve an application for a Certificate for the  
62 resale of local exchange or interexchange telecommunications  
63 service upon a showing by the applicant, and a finding by the  
64 Commission, after notice and hearing, that the applicant possesses  
65 sufficient technical, financial and managerial resources and abilities  
66 to provide the resale of telecommunications service.

67

68 Sec. 13-405. Local exchange service authority; approval. The  
69 Commission shall approve an application for a Certificate of  
70 Exchange Service Authority only upon a showing by the applicant,  
71 and a finding by the Commission, after notice and hearing, that the  
72 applicant possesses sufficient technical, financial, and managerial  
73 resources and abilities to provide local exchange  
74 telecommunications service.

75

76

77 **Q. Does the applicant possess sufficient technical and managerial resources**  
78 **and ability to provide interexchange and local exchange**  
79 **telecommunications services and the resale of both interexchange and**  
80 **local exchange telecommunications services?**

81

82 A. Based upon the resumes and testimony presented by the applicant, it appears  
83 that the applicant has sufficient managerial and technical resources and ability to

provide interexchange and local exchange telecommunications services and the resale of both interexchange and local exchange telecommunications services.

**Q. Did Petitioners' organizational structure and financial conditions changed since the first Interim Order in this docket?**

A. Yes. The Parent Company of WLN and WCLLC, Williams Communications Group, Inc. had completed the bankruptcy proceedings in Delaware since the Interim Order. On September 30, 2002, the bankruptcy court issued an Order Confirming Second Amended Joint Plan of Williams Communications Group, Inc. and CG Austria, Inc. ("the Conforming Order") and established an effective date of October 15, 2002 for the reorganization plan (See Applicants' Ex. 3.0-Verified Statement of Mardi De Verges). The post-reorganization included a new name for the parent company, WilTel Communications Group, Inc. ("WilTel"), and a stronger financial statement.

**Q. Does the applicant possess sufficient financial resources and ability to provide interexchange and local exchange telecommunications service?**

A. In my opinion, WLN and WCLLC have provided evidence of sufficient financial resources and ability to provide interexchange and local exchange telecommunications services and the resale of both interexchange and local exchange telecommunications services. The evidence Staff evaluated included

the Conforming Order, the post-reorganization organization chart (Applicants' Ex. 3.1), and the unaudited consolidated financial statement of WilTel Communications Group, Inc. (as of October 31, 2002). In addition, WilTel provided Staff the Verified Statement of Mardi De Verges ("Applicants' Exhibit 3.0"), the Vice President and Treasurer, who agreed to make certain commitments with respect to the funding of the Applicants' operations for the years 2003 and 2004.

**Q. Should the Commission grant the requested waiver of Part 710?**

A. In its prefiled testimony, the applicant has presented affirmative evidence that the requirements of Part 710.18 for a waiver of the Uniform System of Accounts ("USOA") are met. Therefore, I recommend that the Commission waive Part 710 and order WLN and WCLLC to continue to keep its accounting records in accordance with GAAP and in a level of detail adequate to support all of its filing requirements, including annual reports and the calculation of all applicable taxes. The Commission's order should also specify that this waiver does not excuse WLN and WCLLC from compliance with future Commission rules or amendments otherwise applicable to the Company.

**Q. Please comment on WLN and WCLLC request to keep its books and records outside the State of Illinois.**

129 A. In my opinion, it is appropriate to allow WLN and WCLLC to maintain its books  
130 and records at its primary office in Oklahoma. In accordance with Section 5-503  
131 of the PUA, the address of such office shall be filed with the Commission. Each  
132 public utility shall be liable for, and upon proper invoice from the Commission  
133 shall promptly reimburse the Commission for, the reasonable costs and  
134 expenses associated with the audit or inspection of any books, accounts, papers,  
135 records and memoranda kept outside the State.

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137 **Q. Should the Commission grant the requested waiver of Part 735.180?**

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139 A. In its Amended Application, the Applicants have presented affirmative evidence  
140 that they will, to the extent they offer local exchange service, arrange with  
141 directory publishers to have their customer numbers published. Accordingly, I  
142 recommend that the Commission grant a waiver from the requirements of Part  
143 735.180, which governs the issuance of telephone directories, on the condition  
144 that Applicants, to the extent they offer local exchange service, will meet their  
145 obligation to list their customers in a directory by making arrangements to list  
146 them in directories published by local exchange carriers.

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148 **Q. Does this conclude your testimony?**

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150 A. Yes, it does.

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**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

**Williams Local Network, Inc. and )  
Williams Communications, Inc. )**

**Petition for transfer of certificates of )  
interchange service authority to )  
limited liability company affiliates. )**

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**Docket No. 01-0203**

COUNTY OF SANGAMON            )  
                                          )       ss:  
STATE OF ILLINOIS            )

**AFFIDAVIT OF KAREN CHANG**

I, Karen Chang, being duly sworn or affirmed, testify and state as follows:

1.       My name is Karen Chang and my business address is 527 East Capitol Avenue, Springfield, Illinois 62701. I am employed by the Illinois Commerce Commission as an Economic Analyst in the Telecommunications Division. I make this affidavit in support of the admission of the testimony I caused to be pre-filed in this docket on January 9, 2003, into the record of the captioned docket.

2.       I have attached to this Affidavit as Staff Exhibit 1.00 a copy of the testimony that I caused to be pre-filed with the Clerk of the Commission on or about January 9, 2003. It consists of 6 pages of questions and answers that were prepared by me or under my direction and supervision.


3.       If asked under oath or affirmation the questions posed in Exhibit 1.00, I would provide the answers reflected in Exhibit 1.00



Further affiant sayeth not.

  
Karen Chang

Sworn or affirmed before me  
this 9 day of January, 2003.



Notary Public

My Commission expires: \_\_\_\_\_

